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SUBJECT: UNCTAD: Corporate Social Responsibility Workshop on
Responsible Investment

¶1. SUMMARY: The UN Conference on Trade and Development (UNCTAD) held a Workshop on the Policy Context for Responsible Investment on November 7, 2008, where the investment community and policy-makers, representing about 50 countries, discussed ways to collaborate on socially responsible investment. END SUMMARY

Highlights of workshop on CSR

¶2. At an UNCTAD workshop on the Policy Context for Responsible Investment held on November 7, Donald MacDonald, Chair of Principles for Responsible Investment, emphasized that governments and private industries must work to restore consumer confidence in world markets by undertaking corporate social responsibility (CSR) projects that focus on the environment, sustainable development, transparency, and responding to stakeholder demands. McDonald stressed that corporations and government must coordinate to create a regulatory framework that supports common CSR targets. Private industry can influence government policy-making by informing regulators about best practices in their industries; performing due diligence of their reporting; and sharing information on the policy environment necessary for a company to be both profitable and environmentally and socially responsible.

¶3. Delegates from Egypt and Bangladesh stressed that the state should mandate corporate social responsibility through regulations, but noted that the United States opposes such efforts. Panelist James Gifford, Executive Director of the Principles for Responsible Investment, and Matt Christensen, Executive Director of Eurosif, opined that better government regulation and enforcement can improve the quality of investment. However, Christensen warned governments against using the financial crisis as an excuse to create protectionist regulations. According to Christensen, efficient markets and international cooperation on standards for investment must be the tools to bring about sustainable development and corporate responsibility.

¶4. Maged Soural of the Egyptian Stock Exchange said investing will always have irresponsible aspects but that requiring greater transparency in corporate decision-making can reduce the risk of irresponsible investing. Steve Waygood of Socially Responsible Investment Aviva, concurred that corporations resist openly reporting on internal activities, and that hard regulation and soft regulation tools can facilitate transparency.

¶5. Victor Kjaer, of the Danish Government's Centre for Corporate Social Responsibility, outlined how Denmark combined soft and hard regulations to promote socially responsible investment. Denmark uses private-public partnerships to enhance CSR; corporations view such partnerships as necessary to remain competitive in Denmark's socially progressive market. The Danish National Action Plan is a soft regulatory tool that encourages corporations to report on strategically targeted issues such as supply chain management,

carbon dioxide emissions and internal climate adaptation/mitigation strategies. Corporations that voluntarily took part in the Action Plan saw a stock price increase of 25 percent. The Danish government analyzes voluntary reports for similarities that will influence other regulatory reporting mechanisms.

¶6. Michelle Joubert of the Johannesburg Stock Exchange said that voluntary corporate reporting encourages environmental-socially responsible investing. Within South Africa, CSR investing is focused on local issues such as HIV/AIDS and race; sustainable development and issues concerning the environment are less prominent. A workshop attendee questioned how issues become part of a socially responsible reporting framework; the panel responded that the concerns of society and commonalities among corporations determine the materiality of reporting. Joubert referenced the largest socially responsible pension fund investor in South Africa as an example of aligning corporate reporting and investing structures with the concerns and demands of the private and public sector.

COMMENT

¶7. This UNCTAD workshop was well attended and topical, with a good balance between those who favored government regulation to mandate CSR and those who favored a more voluntary approach. All participants agreed on the value of CSR and the positive role that greater transparency in corporate decision-making and greater disclosure of information such as carbon footprints, and supply chain reporting, can have in promoting better investment decisions by the private sector.

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